

MIKADO TOWNSHIP, ALCONA COUNTY

MIKADO, MICHIGAN

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Mikado Township</b>	County <b>Alcona</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/24/04</b>	Date Accountant Report Submitted to State: <b>11/2/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49601</b>	Date

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

MARCH 31, 2004

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MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

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CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Mikado Township  
Alcona County  
Mikado, Michigan

We have audited the accompanying general-purpose financial statements of Mikado Township, Alcona County, Mikado, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Mikado Township, Alcona County, Mikado, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our examination was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUPS

MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS AND OTHER DEBITS</u>		
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 4,917	\$ 0
Money Market Account	59,757	116,476
Certificates of Deposit	85,000	10,000
Taxes Receivable	2,348	9,065
Land and Land Improvements	0	0
Buildings and Improvements	0	0
Machinery and Equipment	0	0
<u>OTHER DEBITS</u>		
Amount Available in Fire Fund	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 152,022</b>	<b>\$ 135,541</b>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 2,348	\$ 9,065
Payroll Withholdings	219	0
Fire Truck Contract Payable	0	0
<b>Total Liabilities</b>	<b>\$ 2,567</b>	<b>\$ 9,065</b>
<u>EQUITY</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Reserved for Road Maintenance	0	106,421
Reserved for Fire Protection	0	10,055
Unreserved	149,455	10,000
<b>Total Equity</b>	<b>\$ 149,455</b>	<b>\$ 126,476</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 152,022</b>	<b>\$ 135,541</b>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNTS GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	GENERAL	
	FIXED ASSETS	LONG-TERM DEBT	
\$ 0	\$ 0	\$ 0	\$ 4,917
28	0	0	176,261
0	0	0	95,000
0	0	0	11,413
0	17,189	0	17,189
0	107,216	0	107,216
0	315,481	0	315,481
0	0	10,055	10,055
0	0	98,244	98,244
<u>\$ 28</u>	<u>\$ 439,886</u>	<u>\$ 108,299</u>	<u>\$ 835,776</u>
\$ 0	\$ 0	\$ 0	\$ 11,413
0	0	0	219
0	0	108,299	108,299
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 108,299</u>	<u>\$ 119,931</u>
\$ 0	\$ 439,886	\$ 0	\$ 439,886
0	0	0	106,421
0	0	0	10,055
28	0	0	159,483
<u>\$ 28</u>	<u>\$ 439,886</u>	<u>\$ 0</u>	<u>\$ 715,845</u>
<u>\$ 28</u>	<u>\$ 439,886</u>	<u>\$ 108,299</u>	<u>\$ 835,776</u>

The accompanying notes are an integral part of these financial statements.



MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 29,879	\$ 68,842	\$ 98,721
Licenses and Permits	540	0	540
State Grants	77,625	0	77,625
Charges for Services	14,157	0	14,157
Interest and Rents	8,300	582	8,882
Other Receipts	6,099	10	6,109
Total Receipts	\$ 136,600	\$ 69,434	\$ 206,034
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 4,534	\$ 0	\$ 4,534
General Government			
Supervisor	5,636	0	5,636
Elections	65	0	65
Assessor	6,147	0	6,147
Clerk	8,985	0	8,985
Board of Review	856	0	856
Treasurer	7,548	0	7,548
Building and Grounds	33,046	0	33,046
Cemetery	7,397	0	7,397
Public Safety	30,431	11,350	41,781
Public Works	4,490	35	4,525
Community and Economic Development	3,440	0	3,440
Recreation and Cultural	571	0	571
Other Functions	21,030	0	21,030
Total Disbursements	\$ 134,176	\$ 11,385	\$ 145,561

The accompanying notes are an integral part of these financial statements.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
Excess of Receipts Over (Under) Disbursements	\$ 2,424	\$ 58,049	\$ 60,473
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	123	(123)	0
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ 2,547	\$ 57,926	\$ 60,473
<u>BALANCE</u> - April 1, 2003	146,908	68,550	215,458
<u>BALANCE</u> - March 31, 2004	<u>\$ 149,455</u>	<u>\$ 126,476</u>	<u>\$ 275,931</u>

The accompanying notes are an integral part of these financial statements.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 24,980	\$ 29,879	\$ 4,899
Licenses and Permits	300	540	240
State Grants	53,900	77,625	23,725
Charges for Services	14,025	14,157	132
Interest and Rents	8,700	8,300	(400)
Other Receipts	2,700	6,099	3,399
Total Receipts	\$ 104,605	\$ 136,600	\$ 31,995
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 7,870	\$ 4,534	\$ 3,336
General Government			
Supervisor	6,490	5,636	854
Elections	65	65	0
Assessor	6,590	6,147	443
Clerk	9,140	8,985	155
Board of Review	1,050	856	194
Treasurer	9,320	7,548	1,772
Building and Grounds	41,580	33,046	8,534
Cemetery	7,400	7,397	3
Public Safety	34,855	30,431	4,424
Public Works	4,500	4,490	10
Community and Economic Development	4,800	3,440	1,360
Recreation and Cultural	640	571	69
Other Functions	22,885	21,030	1,855
Total Disbursements	\$ 157,185	\$ 134,176	\$ 23,009

The accompanying notes are an integral part of these financial statements.

# EXHIBIT C

SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 63,045	\$ 68,842	\$ 5,797
0	0	0
0	0	0
0	0	0
460	582	122
0	10	10
<u>\$ 63,505</u>	<u>\$ 69,434</u>	<u>\$ 5,929</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
11,350	11,350	0
28,850	35	28,815
0	0	0
0	0	0
0	0	0
<u>\$ 40,200</u>	<u>\$ 11,385</u>	<u>\$ 28,815</u>

The accompanying notes are an integral part of these financial statements.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Excess of Receipts Over (Under) Disbursements	\$ (52,580)	\$ 2,424	\$ 55,004
<u>OTHER FINANCIAL SOURCES (USES)</u>			
Operating Transfers In (Out)	0	123	123
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (52,580)	\$ 2,547	\$ 55,127
<u>BALANCE</u> - April 1, 2003	153,050	146,908	(6,142)
<u>BALANCE</u> - March 31, 2004	\$ 100,470	\$ 149,455	\$ 48,985

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

<u>SPECIAL REVENUE FUNDS</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 23,305	\$ 58,049	\$ 34,744
(160)	(123)	37
\$ 23,145	\$ 57,926	\$ 34,781
68,300	68,550	250
\$ 91,445	\$ 126,476	\$ 35,031

The accompanying notes are an integral part of these financial statements.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mikado Township is a general law township located in Alcona County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types and account groups:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Groups. The General Fixed Asset Account Group is used to account for fixed assets of the Township. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities or twelve months or less from date of acquisition.

The Investment Policy adopted by the Township states that the township treasurer may invest township funds in certificates of deposits, savings, deposit accounts and depository receipts of a bank but only if the bank meets all criteria as a depository of public funds contained in state law. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.

**2. Receivables and Payables**

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

**3. Fixed Assets and Long-Term Liabilities**

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.



MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Long-Term Obligations

The Township reports long-term debt of governmental funds at face value in the general long-term debt account group.

5. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

6. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund elimination's have not been made in the aggregation of this data.

7. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary Information**

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 10, 2003, or as amended by the Township Board from time to time throughout the year.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's deposits was \$276,178 and the bank balance was \$276,362, of which \$100,000 was entirely covered by Federal Depository Insurance, and the remaining \$176,362 was uninsured and uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	SPECIAL REVENUE FUNDS	CURRENT TAX COLLECTION FUND
Huron Community Bank			
Harrisville, Michigan			
Commercial Account	\$ 4,917	\$ 0	\$ 0
Money Market Accounts	59,757	116,476	28
Certificates of Deposit	85,000	10,000	0
	<u>\$ 149,674</u>	<u>\$ 126,476</u>	<u>\$ 28</u>

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Land Improvements	\$ 17,189	\$ 0	\$ 0	\$ 17,189
Buildings and Improvements	107,216	0	0	107,216
Machinery and Equipment	312,181	3,300	0	315,481
	<u>\$ 436,586</u>	<u>\$ 3,300</u>	<u>\$ 0</u>	<u>\$ 439,886</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**C. Long-Term Debt**

The following is a summary of debt transactions of the Township of Mikado for the year ended March 31, 2004:

Debt Payable at April 1, 2003	\$ 117,820
Debt Incurred	0
Debt Retired	<u>(9,521)</u>
Debt Payable at March 31, 2004	\$ <u>108,299</u>

Long-term debt at March 31, 2004 is comprised of the following:

Fire Truck Contract

\$117,820 Payable to Old National due in annual installments  
of \$15,000 through January 30, 2013, interest at 4.65%

The annual requirements to amortize the debt outstanding as of March 31, 2004 including interest of \$26,701 are as follows:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>AMOUNT</u>
2005	\$ 15,000
2006	15,000
2007	15,000
2008	15,000
2009	15,000
2010-2013	<u>60,000</u>
	\$ <u>135,000</u>

**IV. OTHER INFORMATION**

**A. Retirement Plan**

The Township has a defined contribution pension plan which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. Each employee is 100% vested upon entering the plan. An employee's normal retirement date is age 65.

The formula for determining contributions is based on an employee's annual compensation. The Township has elected to contribute 6.2% of compensation to the plan annually. In addition, each eligible employee will contribute 6.2%.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

Township contributions to the plan for 2003-04 amounted to \$2,592.

For the 2003-04 year, total covered payroll amounted to \$23,790 and total wages including non-covered payroll was \$37,649.

**B. Property Taxes**

The Township levied 3.1095 mills in tax on a state taxable value of \$24,217,662 on the 2003 tax roll. The 3.1095 mill levy was for the following purposes:

Roads	1.9840
Fire Protection	0.4857
General Operations	<u>0.6398</u>
	<u><u>3.1095</u></u>

The date of the levy was December 1, at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Alcona County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

**C. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,490	\$ 0
Fire Fund	80	4,146
Road Fund	379	0
Budget Stabilization Fund	<u>123</u>	<u>0</u>
TOTAL	<u>\$ 2,072</u>	<u>\$ 4,146</u>

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

**D. Current Tax Collection Fund Balance**

The balance of \$28 remaining in the Current Tax Collection Fund at March 31, 2004, consists of interest earnings which are payable to the Township General Fund.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**E. Property Tax Administration Fee**

The Township passed a resolution to charge a 1% administration fee on all ad valorem, taxes levied. Also a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**F. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 4,917
Savings Account	59,757
Certificates of Deposit	85,000
Taxes Receivable	<u>2,348</u>
 TOTAL ASSETS	 \$ <u>152,022</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 2,348
Payroll Withholdings	<u>219</u>
 Total Liabilities	 \$ 2,567

EQUITY

Balance	
Unreserved	<u>149,455</u>
 TOTAL LIABILITIES AND EQUITY	 \$ <u>152,022</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 24,980	\$ 29,879	\$ 4,899
Licenses and Permits	300	540	240
State Grants	53,900	77,625	23,725
Charges for Services	14,025	14,157	132
Interest and Rents	8,540	8,300	(240)
Other Receipts	2,700	6,099	3,399
Total Receipts	<u>\$ 104,445</u>	<u>\$ 136,600</u>	<u>\$ 32,155</u>
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 7,870	\$ 4,534	\$ 3,336
General Government			
Supervisor	6,490	5,636	854
Elections	65	65	0
Assessor	6,590	6,147	443
Clerk	9,140	8,985	155
Board of Review	1,050	856	194
Treasurer	9,320	7,548	1,772
Building and Grounds	41,580	33,046	8,534
Cemetery	7,400	7,397	3
Public Safety			
Fire Department	33,955	29,608	4,347
Liquor Law Enforcement	900	823	77
Public Works			
Highways, Streets and Bridges	2,700	2,690	10
Cleanup Day	1,800	1,800	0

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Community and Economic Development			
Planning and Zoning	4,800	3,440	1,360
Recreation and Cultural			
Recreation and Parks	640	571	69
Other Functions	22,885	21,030	1,855
Total Disbursements	\$ 157,185	\$ 134,176	\$ 23,009
Excess of Receipts Over (Under) Disbursements	\$ (52,740)	\$ 2,424	\$ 55,164
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In			
Budget Stabilization Fund	0	123	123
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (52,740)	\$ 2,547	\$ 55,287
<u>BALANCE</u> - April 1, 2003	153,050	146,908	(6,142)
<u>BALANCE</u> - March 31, 2004	\$ 100,310	\$ 149,455	\$ 49,145



MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Tax		
2003 Tax Roll	\$ 13,172	
Delinquent Property Tax and Interest	5,134	
Property Tax Administration Fee	5,382	
Payments in Lieu of Taxes	<u>6,191</u>	
Total Taxes		\$ 29,879

LICENSES AND PERMITS

Zoning Permits		540
----------------	--	-----

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	\$ 75,875	
Telecommunication Right of Way Maintenance	776	
Liquor Licenses	<u>974</u>	
Total State Grants		77,625

CHARGES FOR SERVICES

Gustin Township Fire Protection	\$ 6,325	
Summer Tax Reimbursement Fee	2,558	
Dog License Fees	24	
Grave Openings	<u>5,250</u>	
Total Charges for Services		14,157

INTEREST AND RENTS

Interest Earnings	\$ 1,490	
Rents and Royalties	<u>6,810</u>	
Total Interest and Rents		8,300

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

OTHER RECEIPTS

Donations	\$ 125
Miscellaneous	359
Sale of Cemetery Lots	1,800
Reimbursements	3,683
Refunds and Rebates	<u>132</u>

Total Other Receipts	<u>6,099</u>
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TOTAL CASH RECEIPTS	<u><u>\$ 136,600</u></u>
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MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	1,400
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Per Diem		40
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Other Services and Charges

Contracted Services		393
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Printing and Publishing		795
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Dues and Fees		472
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Seminars/Training		64
-------------------	--	----

Miscellaneous		1,370
		1,370

Total Legislative	\$	4,534
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GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$	5,400
--------------------	----	-------

Per Diem		80
----------	--	----

Other Services and Charges

Transportation		17
----------------	--	----

Seminars/Training		139
		139

Total Supervisor	\$	5,636
------------------	----	-------

Elections

Personal Services

Per Diem	\$	30
----------	----	----

Supplies

Operating Supplies		24
--------------------	--	----

Other Services and Charges

Transportation		11
		11

Total Elections		65
-----------------	--	----

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Assessor

Personal Services

Salaries and Wages	\$	5,390
--------------------	----	-------

Supplies

Office Supplies		72
-----------------	--	----

Other Services and Charges

Contracted Services		315
---------------------	--	-----

Postage		370
---------	--	-----

Total Assessor

6,147

Clerk

Personal Services

Salaries and Wages	\$	5,800
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Per Diem		320
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Salaries and Wages - Deputy		569
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Supplies

Office Supplies		535
-----------------	--	-----

Other Services and Charges

Postage		204
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Communications		487
----------------	--	-----

Utilities		180
-----------	--	-----

Seminars/Training		711
-------------------	--	-----

Transportation		120
----------------	--	-----

Repairs and Maintenance		59
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Total Clerk

8,985

Board of Review

Personal Services

Salaries and Wages	\$	625
--------------------	----	-----

Per Diem		20
----------	--	----

Other Services and Charges

Transportation		41
----------------	--	----

Seminars/Training		170
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Total Board Review

856

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer

Personal Services

Salaries and Wages	\$	5,800
Per Diem		140

Supplies

Office Supplies		979
Postage		273
Transportation and Expense		148
Communications		4
Seminars/Training		204
		204

Total Treasurer

7,548

Building and Grounds

Supplies

Operating Supplies	\$	1,160
--------------------	----	-------

Other Services and Charges

Contracted Services		13,003
Printing and Publishing		130
Public Utilities		6,244
Snow Removal		1,530
Communications		478

Repairs and Maintenance

Building		6,147
Equipment		1,606
Mowing		150
Miscellaneous		2,066
Mileage		286
Miscellaneous		246
		246

Total Building and Grounds

33,046

Cemetery

Supplies

Operating Supplies	\$	22
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MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Other Services and Charges		
Contracted Services	4,900	
Repairs and Maintenance	<u>2,475</u>	
Total Cemetery		<u>7,397</u>
Total General Government		69,680

PUBLIC SAFETY

Fire Department

    Personal Services

Salaries and Wages	\$ 11,500
Per Diem	200

    Supplies

Office Supplies	110
Operating Supplies	2,618

    Other Services and Charges

Dues and Fees	70
Communications	488
Transportation	88
Seminars/Training	405
Printing and Publishing	38
Utilities	2,490
Snow Removal	420
Repairs and Maintenance	
Building	2,285
Equipment	1,480
Mowing	150
Miscellaneous	316

Debt Service	3,650
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Capital Outlay

Equipment	<u>3,300</u>
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Total Fire Department	\$ 29,608
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MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Liquor Law Enforcement			
Personal Services			
Salaries and Wages	\$	780	
Supplies			
Office Supplies		43	
		<hr/>	
Total Liquor Law Enforcement			823
			<hr/>
Total Public Safety			30,431

PUBLIC WORKS

Highways, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance	\$	588	
Street Lights		2,102	
		<hr/>	
Total Highways, Streets and Bridges			\$ 2,690
Cleanup Day			
Other Services and Charges			
Contracted Services		1,800	
		<hr/>	
Total Public Works			4,490

COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning			
Personal Services			
Salaries and Wages	\$	385	
Supplies			
Office Supplies		451	
Other Services and Charges			
Postage		6	
Contracted Services		2,500	
Dues and Fees		25	
Printing and Publishing		73	
		<hr/>	
Total Planning and Zoning			3,440

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

RECREATION AND CULTURAL

Recreation and Parks

Supplies

Operating Supplies

\$ 151

Other Services and Charges

Contracted Services

387

Repairs and Maintenance

33

Total Recreation and Parks

571

OTHER FUNCTIONS

Insurance and Bonds

\$ 17,879

Employee Benefits

Medicare and Social Security

\$ 559

Pension Contribution

2,592

Total Employee Benefits

3,151

Total Other Functions

21,030

TOTAL CASH DISBURSEMENTS

\$ 134,176



MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

	FIRE FUND	ROAD FUND	BUDGET STABILIZATION FUND	TOTAL
<u>ASSETS</u>				
Cash				
Money Market Account	\$ 10,055	\$ 106,421	\$ 0	\$ 116,476
Certificate of Deposits	0	0	10,000	10,000
Taxes Receivable	1,782	7,283	0	9,065
TOTAL ASSETS	\$ 11,837	\$ 113,704	\$ 10,000	\$ 135,541
<u>LIABILITIES AND EQUITY</u>				
<u>Liabilities</u>				
Deferred Revenue	\$ 1,782	\$ 7,283	\$ 0	\$ 9,065
<u>Equity</u>				
Balance				
Reserved for Road Maintenance	\$ 0	\$ 106,421	\$ 0	\$ 106,421
Reserved for Fire Protection	10,055	0	0	10,055
Unreserved	0	0	10,000	10,000
Total Equity	\$ 10,055	\$ 106,421	\$ 10,000	\$ 126,476
TOTAL LIABILITIES AND EQUITY	\$ 11,837	\$ 113,704	\$ 10,000	\$ 135,541

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	FIRE FUND	ROAD FUND	BUDGET STABILIZATION FUND	TOTAL
<u>RECEIPTS</u>				
Taxes	\$ 11,631	\$ 57,211	\$ 0	\$ 68,842
Interest	80	379	123	582
Other Receipts	10	0	0	10
Total Receipts	<u>\$ 11,721</u>	<u>\$ 57,590</u>	<u>\$ 123</u>	<u>\$ 69,434</u>
<u>DISBURSEMENTS</u>				
Public Safety	\$ 11,350	\$ 0	\$ 0	\$ 11,350
Public Works	0	35	0	35
Total Disbursements	<u>\$ 11,350</u>	<u>\$ 35</u>	<u>\$ 0</u>	<u>\$ 11,385</u>
Excess of Receipts Over (Under) Disbursements	\$ 371	\$ 57,555	\$ 123	\$ 58,049
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers Out General Fund	0	0	(123)	(123)
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ 371	\$ 57,555	\$ 0	\$ 57,926
<u>BALANCE</u> - April 1, 2003	<u>9,684</u>	<u>48,866</u>	<u>10,000</u>	<u>68,550</u>
<u>BALANCE</u> -March 31, 2004	<u>\$ 10,055</u>	<u>\$ 106,421</u>	<u>\$ 10,000</u>	<u>\$ 126,476</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 10,055
Taxes Receivable	1,782
	<hr/>
TOTAL ASSETS	\$ 11,837
	<hr/>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,782
------------------	----------

EQUITY

Balance	
Reserved for Fire Protection	10,055
	<hr/>

TOTAL LIABILITIES AND EQUITY	\$ 11,837
	<hr/>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 11,000	\$ 9,975	\$ (1,025)
Delinquent Property Taxes	1,650	1,656	6
Interest and Rents			
Interest Earnings	150	80	(70)
Other Receipts			
Private Donations	0	10	10
TOTAL RECEIPTS	<u>\$ 12,800</u>	<u>\$ 11,721</u>	<u>\$ (1,079)</u>
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Protection			
Debt Service			
Principal Payment	\$ 7,204	\$ 7,204	\$ 0
Interest Charges	4,146	4,146	0
TOTAL DISBURSEMENTS	<u>\$ 11,350</u>	<u>\$ 11,350</u>	<u>\$ 0</u>
Excess of Receipts Over (Under) Disbursements	\$ 1,450	\$ 371	\$ (1,079)
<u>BALANCE - April 1, 2003</u>	<u>9,500</u>	<u>9,684</u>	<u>184</u>
<u>BALANCE - March 31, 2004</u>	<u>\$ 10,950</u>	<u>\$ 10,055</u>	<u>\$ (895)</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 106,421
Taxes Receivable	<u>7,283</u>
 TOTAL ASSETS	 \$ <u>113,704</u>

LIABILITIES AND EQUITY

Liabilities

Deferred Revenue	\$ 7,283
------------------	----------

Equity

Balance	
Reserved for Road Maintenance	<u>106,421</u>
 TOTAL LIABILITIES AND EQUITY	 \$ <u>113,704</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

ROAD FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 44,000	\$ 40,759	\$ (3,241)
Delinquent Property Taxes	6,395	6,391	(4)
National Forest	0	10,061	10,061
Interest and Rents			
Interest Earnings	150	379	229
Total Receipts	\$ 50,545	\$ 57,590	\$ 7,045
<u>DISBURSEMENTS</u>			
Public Works			
Highway, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance	\$ 28,850	\$ 35	\$ 28,815
Excess of Receipts Over (Under) Disbursements	\$ 21,695	\$ 57,555	\$ 35,860
<u>BALANCE - April 1, 2003</u>	48,800	48,866	66
<u>BALANCE - March 31, 2004</u>	\$ 70,495	\$ 106,421	\$ 35,926

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

BUDGET STABILIZATION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Certificate of Deposit	<u>\$    10,000</u>

EQUITY

Balance	
Unreserved	<u>\$    10,000</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

BUDGET STABILIZATION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Earnings	\$ 160	\$ 123	\$ (37)
	0	0	0
<u>DISBURSEMENTS</u>			
Excess of Receipts Over (Under) Disbursements	\$ 160	\$ 123	\$ (37)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out General Fund	(160)	(123)	37
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ 0	\$ 0	\$ 0
<u>BALANCE</u> - April 1, 2003	10,000	10,000	0
<u>BALANCE</u> - March 31, 2004	\$ 10,000	\$ 10,000	\$ 0



MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	<u>\$          28</u>

EQUITY

Balance	
Unreserved	<u>\$          28</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 535,229	
Property Tax Administration Fees	5,369	
Late Payment Penalties	263	
Dog License Fees	60	
Interest Earnings	72	
Overcollections from Taxpayers	3,522	
General Fund Reimbursement	130	
	<hr/>	
Total Receipts		\$ 544,645

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$ 124,335	
State Education Tax	111,345	
Penalties and Interest	174	
Dog Licenses	36	
	<hr/>	\$ 235,890
Payments to Township Treasurer		
Current Tax		
Operating	\$ 13,141	
Fire	9,975	
Roads	40,759	
Interest Earnings		
Operating	63	
Fire	41	
Roads	155	
Property Tax Administration Fees	5,369	
Dog License Fees	24	
	<hr/>	69,527
Payments to School Treasurer		
Alcona Community Schools		
Current Tax	\$ 27,667	
Oscoda Area Schools		
Current Tax	186,432	
	<hr/>	214,099

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

Payments to Intermediate School Treasurer			
Alpena, Montmorency, Alcona			
Current Tax	\$	6,165	
Iosco			
Current Tax		<u>15,410</u>	21,575
Refunds to Taxpayers for Overcollections			3,522
Chargebacks			<u>130</u>
Total Disbursements			<u>544,743</u>
Excess of Receipts Over			
(Under) Disbursements			\$ (98)
<u>BALANCE</u> - April 1, 2003			<u>126</u>
<u>BALANCE</u> - March 31, 2004			<u><u>\$ 28</u></u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
<u>GENERAL FIXED ASSETS</u>				
Land and Land Improvements	\$ 17,189	\$ 0	\$ 0	\$ 17,189
Buildings and Improvements	107,216	0	0	107,216
Machinery and Equipment	312,181	3,300	0	315,481
	<u>\$ 436,586</u>	<u>\$ 3,300</u>	<u>\$ 0</u>	<u>\$ 439,886</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>				
	<u>\$ 436,586</u>	<u>\$ 3,300</u>	<u>\$ 0</u>	<u>\$ 439,886</u>

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

STATEMENT OF LONG-TERM DEBT GROUP OF ACCOUNTS  
MARCH 31, 2004

AMOUNTS AVAILABLE AND TO BE PROVIDED FOR  
PAYMENT OF LONG-TERM DEBT

Amount in Special Revenue Fire Fund	\$ 10,055
Amount to be Provided from Special Revenue - Fire Fund	<u>98,244</u>
Total Available and to be Provided	<u>\$ 108,299</u>

LONG-TERM DEBT PAYABLE

Installment Purchase Contract Fire Truck	<u>\$ 108,299</u>
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MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

STATEMENT OF 2003 SUMMER TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

State Education Tax

\$ 121,086

TAXES COLLECTED

State Education Tax

111,345

TAXES RETURNED DELINQUENT

State Education Tax

\$ 9,741

MIKADO TOWNSHIP, ALCONA COUNTY  
MIKADO, MICHIGAN

STATEMENT OF 2003 WINTER TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$ 146,378	
Township		
Operating	15,489	
Fire	11,757	
Roads	48,043	
Schools		
Alcona Community Schools	38,351	
Oscoda Area Schools	219,309	
Intermediate Schools		
Alpena, Montmorency, Alcona	7,568	
Iosco	18,080	\$ 504,975

TAXES COLLECTED

County	\$ 124,335	
Township		
Operating	13,141	
Fire	9,975	
Roads	40,759	
Schools		
Alcona Community Schools	27,667	
Oscoda Area Schools	186,432	
Intermediate Schools		
Alpena, Monmorency, Alcona	6,165	
Iosco	15,410	423,884

TAXES RETURNED DELINQUENT

County	\$ 22,043	
Township		
Operating	2,348	
Fire	1,782	
Roads	7,283	
Schools		
Alcona Community Schools	10,684	
Oscoda Area Schools	32,877	
Intermediate Schools		
Alpena, Monmorency, Alcona	1,403	
Iosco	2,671	\$ 81,091

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JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Mikado Township  
Alcona County  
Mikado, Michigan

As a result of our audit of the general-purpose financial statements of Mikado Township for the year ended March 31, 2004, we would like to note the following:

Budgeting

The Township is doing an excellent job of complying with Act 621 of the Public Acts of 1978, *The Uniform Budgeting and Accounting Act*.

Property Tax Administration Fee

As reported in Note IV.E of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

GASB 34

The Governmental Accounting Standards Board has issued a new pronouncement that will dramatically change the way governmental entities report their financial information. For Mikado Township, GASB 34 will become effective for the year ending March 31, 2005.

Some of the changes required by GASB 34 are as follows:

- a) Management's discussion and analysis will be the first thing in a financial report. This will be the administration's narrative overview of the information contained in the financial statements.
- b) The budgetary comparison information must report the original adopted budget and the final amended budget.



- c) Capital assets and long-term liabilities will be required to be reported in the balance sheet. The depreciation on the capital assets will then be reported as an expense in the statement of revenues and expenses. With this change, the financial statements of a government entity will look similar to a for-profit business financial statements.

We are available to advise you and offer assistance on how to proceed with steps needed to meet GASB 34 requirements.

#### Reportable Condition in Internal Controls

In planning and performing our audit of the general-purpose financial statements of Mikado Township for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We are issuing a separate letter (letter of reportable conditions) which addresses those items noted.

#### General Recordkeeping

The accounting records being maintained for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for their fine effort.

We would like to thank the board for awarding our firm the audit assignment and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Mikado Township  
Alcona County  
Mikado, Michigan

In planning and performing our audit of the general-purpose financial statements of Mikado Township, Alcona County, Mikado, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*